

MINUTES OF MEETING

August 16, 2005

The Health Benefits Committee met on Tuesday, August 16, 2005, in the Lincoln Plaza Building, 400 P Street, Sacramento, California.

The meeting was called to order at 9:32 a.m. with the following members present:

George Diehr, Chair
Priya Mathur, Vice Chair
Ron Alvarado
James Zerio representing Philip Angelides
Robert Carlson
Rob Feckner
Debbie Endsley representing Michael Navarro
Nick Smith representing Steve Westly

Excused: Charles Valdes

Other Board members present:

Kurato Shimada Mike Quevedo, Jr.

Mr. Diehr announced that there will be a closed session, to discuss the 2007 health plan contract negotiations, immediately following open session.

AGENDA ITEM 2 – APPROVAL OF JUNE 14, 2005, HEALTH BENEFITS COMMITTEE MEETING MINUTES

The minutes were approved as presented.

Rob Feckner abstained.

AGENDA ITEM 3 – UPDATE ON PARTNERSHIP FOR CHANGE: PROMOTING VALUE IN HOSPITAL CARE

As an information item, Terri Westbrook, AEO, Health Benefits Branch, presented an update on the Partnership for Change: Promoting Value in Hospital Care.

In response to our letter to hospitals and medical groups excluded from the 2005 CaIPERS - Blue Shield network, staff is meeting with the Greater Newport Physicians Medical Group on August 30th and with the CEO of Cedars-Sinai Medical Center on September 6th. A meeting with the Sutter Medical Group will be held in the near future.

Letters were sent out in May to over 450 California health care purchasers asking them to join a purchasers' coalition and to endorse the Partnership for Change. Currently, we have received 18 endorsements, representing over 2 million enrollees in addition to CalPERS 1.2 million total covered lives. More endorsements are expected.

A Purchaser's Conference will be held on September 21, 2005, at CalPERS, to promote the Partnership for Change. Rob Feckner, President, CalPERS Board of Administration, will present opening and closing remarks and Mark Smith, President and CEO of the California HealthCare Foundation will be the keynote speaker. Topics will include:

- Hospitals: Challenges and Opportunities
- Measuring Clinical Quality and Patient Experience in Hospitals
- Addressing Patient Safety in Hospitals
- Promoting Value: The Hospital Value Initiative How it Can Impact Your Bottom Line

AGENDA ITEM 4 – 2005 OPEN ENROLLMENT TIMELINES AND PROCESSES

As an information item, Holly Fong, Chief, Office of Employer and Member Health Services, discussed the upcoming open enrollment period, which will run from September 15 through October 15, and the publications that will be distributed. The open enrollment information will be available on the CalPERS Web site beginning August 18th. The 2005 - 2006 Health Plan Quality Report will be presented to the Committee at the September meeting.

AGENDA ITEM 5 – 2005 FIRST QUARTER SELF-FUNDED PLANS' FINANCIAL REPORT

As an information item, Richard Krolak, Chief, Office of Health Policy and Plan Administration, presented the Self-Funded Plans' 2005 First Quarter Financial Report. The first quarter produced results appropriate with expectations.

AGENDA ITEM 6 – UPDATE ON MEDICARE PART D

As an information item, Richard Krolak, Chief, Office of Health Policy and Plan Administration, presented an update on Medicare Part D. The Centers for Medicare and Medicaid Services (CMS) has announced an application deadline of September 30, 2005 for the Medicare Part D Retiree (Employer) Drug Subsidy. CalPERS will request a 30-day extension.

Mr. Krolak reviewed the Medicare Part D CalPERS communication plan and timelines. A draft member communication letter was distributed to the Constituent Work Group and their input will be incorporated.

As a follow-up to the June 14, 2005, Health Benefits Committee Meeting, Mr. Krolak discussed:

- the difference between the Kaiser Medicare Advantage Plan and a Medicare supplement plan for purposes of Medicare Part D;
- the relationship between the CalPERS rate-setting process and the Medicare Part D application process; and
- reaffirmed that staff will provide the Board with information on the impact of Part D, to allow the Board to consider Part D options for 2007 as part of the rate renewal process.

AGENDA ITEM 7 – ASSOCIATION PLANS: APPLICATION FOR MEDICARE PART D SUBSIDY

As an information item, Richard Krolak, Chief, Office of Health Policy and Plan Administration, provided an update on the Medicare Part D Retiree (Employer) Subsidy as it relates to the Association Plans. Staff has determined that the State of California and not CalPERS is the sponsor of the CAHP and CCPOA Association Health Plans. CalPERS may only apply for the subsidy with respect to these plans as the agent of the State of California and not as the sponsor. CalPERS is, however, the sponsor of the PORAC Association Health Plan and will include it in its application as a sponsor for the Medicare Part D Retiree (Employer) Subsidy.

AGENDA ITEM 8 – ASSISTANT EXECUTIVE OFFICER REPORT

Terri Westbrook provided an update on three items:

• Rural Pilot Project in Humboldt County

Staff will schedule a meeting with Martin Love, CEO of the Humboldt-Del Norte Independent Practice Association, Milt Dobkin, California Faculty Association, and Greger Vigen, Mercer Consulting, to identify outstanding issues and discuss how to proceed with further assessments of a pilot proposal.

• Request for Proposal for the Self-Funded Plans Pharmacy Benefit Manager

Nine proposals were received; two will be disqualified for failure to meet minimum qualifications. During September, staff will evaluate each proposal that met the minimum qualifications and determine final technical and financial scores and ranks, conduct on-site visits and select semi-finalists. In October, at a special session of the Health Benefits Committee, the Committee will interview the semi-finalists.

CalPERS Health Wallet

The CalPERS Health Wallet, part of our strategic member engagement effort, is a pilot project that will be made available during the 2005 open enrollment period, at Regional Offices, health fairs and workshops, and by order to members via CalPERS On-Line. Pat Macht, AEO, Office of Public Affairs, created the concept, which was further developed by PAO and Health Program staff. The Health Wallet is a credit card sized vinyl folder to keep track of and organize your important medical information.

At this point Charles Valdes joined the meeting.

AGENDA ITEM 9 – PROPOSED AGENDA FOR SEPTEMBER 20, 2005, HEALTH BENEFITS COMMITTEE MEETING

The proposed September 20, 2005, Health Benefits Committee Agenda was accepted by the Committee.

The next meeting of the Committee is scheduled for September 20, 2005, in Sacramento California, following the Benefits and Program Administration Committee.	
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	FRED R. BUENROSTRO Chief Executive Officer

Open Session was adjourned at 10:13 a.m. and Closed Session was announced.